



**STATE OF WASHINGTON**  
**DEPARTMENT OF FINANCIAL INSTITUTIONS**  
**DIVISION OF CONSUMER SERVICES**

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**Department of Financial Institutions**  
**Division of Consumer Services**

**Chapter 19.146 RCW – The Mortgage Broker Practices Act**  
**Small Business Economic Impact Statement**  
(Proposed rules to regulate mortgage brokers and loan originators effective January 1, 2007)

**Introduction**

This SBEIS is written in support of rules drafted by the Department of Financial Institutions (the Department) to address changes made in the 2006 legislative session to chapter 19.146 RCW, the Mortgage Broker Practices Act (MBPA). The Department filed form CR-101 on June 3, 2006, to initiate this rulemaking.

**Background**

During the 2006 legislative session, the Washington legislature passed Engrossed House Bill 2340 amending the MBPA. Governor Gregoire signed the bill into law on March 9, 2006, as chapter 19, Laws of 2006.

Key changes to the MBPA include the following:

- Mortgage broker licenses must be renewed annually and will expire if not renewed.
- The department has the authority to examine mortgage brokers' books and records within the first five years of licensing, including branch office licensing.
- Mortgage brokers must annually report the number of loans and the dollar volume of loans made in Washington each year.
- Loan originators must have a license to originate loans; the license expires annually.
- Loan originators must complete continuing education courses annually.

On March 10, 2006, the day after the bill was signed by the Governor, the Department notified all 1,896 licensed mortgage brokers that it intended to begin the negotiated rulemaking process immediately, and intended to hold a series of rule drafting meetings, open to the public, during which the Department would provide an opportunity for public comment.

On June 26, 2006, the Department sent a letter (see attached as Exhibit A) to all licensed mortgage brokers to request their assistance in determining the economic impact of the proposed MBPA rules on small businesses, as required by the Regulatory Fairness Act, chapter 19.85, RCW. In the letter licensees were directed to a questionnaire (see attached as Exhibit B) on the Department's web site and given instructions on completing the online questionnaire. An opportunity to receive and complete the questionnaire in paper form was also provided. Each question in the questionnaire relating to the proposed rules was accompanied with a background statement briefly explaining the new rule and how the Department would implement the rule. Licensees were then asked to estimate the cost of implementing the proposed rule. The questionnaire remained available to licensees from June 27 to July 15, 2006. Two hundred eighteen licensees responded to the questionnaire online. Two additional licensees requested and were given paper copies of the questionnaire which they completed and returned.

A description of the results of the questionnaire is detailed below and spreadsheets with detailed responses are attached as Exhibits C (mortgage brokers with 50 or fewer employees) and D (mortgage brokers with over 50 employees).

## **Required Elements of SBEIS**

**Element 1 - A brief description of the reporting, record keeping, and other compliance requirements of the proposed rules and of the kinds of professional services that a small business is likely to need in order to comply with the requirements.**

### **Reporting and Recordkeeping**

The new law and the proposed rules require mortgage broker licensees to file an annual report with the Department. The annual report must contain the number of residential mortgage loans closed by the licensee during the year, and the dollar value of those loans.

The proposed rules also address the new examination requirement in the statute. Mortgage broker licensees will be required to provide the Department certain requested pre-examination information about the mortgage business, including a list of all the loan originators working for the licensee. The request for information is sent when the licensee is notified of an upcoming examination. The Department will examine the records of that licensee approximately thirty days after notification.

Although there are no new recordkeeping requirements in the proposed rules, licensees may have to change their current recordkeeping systems or hire professionals to set up

systems to comply with the new reporting and examination requirements. Licensees already collect and maintain the information necessary to comply with these information requests but they have never had to manipulate their loan files to produce an annual report or prepare for an examination. The Department examiners will accommodate many types of recordkeeping systems when accessing records for an examination.

Licensees were surveyed to determine if the new reporting and examination requirement would add costs to their business, and if so, how much. That information is contained in the attached Exhibits C and D. (Any empty space on the questionnaire is a result of an unanswered question).

### **Professional Services**

The proposed rules do not require mortgage broker licensees to hire professional services to compile or prepare reports on the business records. Licensees and their staff can perform these functions. Nonetheless, many licensees will likely choose to hire additional office staff or outside professional services to help prepare annual reports, to compile loan and loan value data, or to prepare for an examination. After they become familiar with the requirements of the new rules, more licensees may begin to produce the information on their own. Licensees may also choose to upgrade or change recordkeeping systems so they can more easily keep real time records and provide reports to the Department electronically.

In the questionnaire, mortgage broker licensees were asked to provide a cost estimate for hiring professional services to prepare the annual report and to assist in preparation for an examination. Licensees with fewer than fifty employees estimated the average annual costs of professional services associated with an examination to be \$1,698.00. Licensees with more than fifty employees estimated the costs associated with professional services associated with an examination to be \$20,523.00.

More detailed information is contained in the attached Exhibits C and D. (Any empty space on the questionnaire is a result of an unanswered question).

### **Element 2 - An analysis of the costs of compliance for identified industries, including costs of equipment, supplies, and increased administrative costs.**

The annual report and examination requirements discussed above may also have an economic impact on mortgage broker licensees in increased costs for equipment and supplies, and increased administrative costs. Specific questions in the questionnaire targeted the equipment, supplies and administrative costs of complying with the Department's expanded examination authority (up to five years after initial licensure for the main office and each branch) and the costs to maintain and provide records for the annual report provided to the Department.

The new law requires loan originators to be licensed beginning January 1, 2007. Mortgage broker licensees may have increased administrative costs if they choose to pay

for their loan originators' licenses. Loan originator license fees are expected to be \$125 annually, per license. The questionnaire included a question asking if the mortgage broker licensee intended to pay for their loan originators' licensing fees. If the answer was affirmative, the number of loan originators was multiplied by \$125.00 to determine the cost.

Mortgage broker licensees with fifty or fewer employees estimated the costs to license their loan originators at an average of \$312 annually. About one-half (93 out of 185) of the respondents in this category said they would not pay their loan originators' licensing fees. Licensees with more than fifty employees estimated it would cost an average of \$2,411 to license their loan originators. The data shows that the majority of larger mortgage brokers plan to pay for their loan originators' licensing fees.

The proposed rules require loan originators to successfully complete at least two approved continuing education courses annually. Designated brokers must successfully complete at least three continuing education courses each year. In order to assess the added cost for continuing education, the questionnaire asked if the mortgage broker licensee intended to pay the cost for continuing education for its designated broker or loan originators. The small business licensees estimated an average cost of \$480 to cover continuing education costs for their designated broker and loan originator, while the licensees with more than fifty employees estimated an average cost of \$5,450. Again, the data shows that the larger mortgage broker licensees will be paying for the continuing education for their designated broker and loan originators while many of the smaller licensees will not.

The Department surveyed for one additional administrative cost. The proposed rules allow a company to advertise their business using only their doing-business-as (DBA) name as long as the licensee discloses their license number in the advertisement. The questionnaire asked the mortgage broker licensees to estimate any additional costs that would be incurred to use a DBA and disclose the license number (increased costs may include new stationery, business cards, signs, etc.).

More detailed information is contained in the attached Exhibits C and D. (Any empty space on the questionnaire is a result of an unanswered question).

### **Element 3 - Whether compliance with the proposed rule will cause businesses to lose sales or revenue.**

The proposed rules do not affect the demand for services or in any way restrict the licensees' business opportunities. Some loan originators may be unable to pass the license test, and others may be found unfit for licensure due to felony or financial misconduct convictions. While it may disrupt a mortgage broker licensee's business, this "fallout" is not viewed as a restriction on business or revenue but is rather a result of the legislature requiring a showing of competency before a loan originator can offer this important service to the public.

The SBEIS questionnaire asked mortgage broker licensees to estimate the costs to their company of Department examinations of their books and records. The Department estimates each mortgage broker licensee will be examined one time in the first five years of licensure. Licensees with compliance issues will be scheduled for follow-up examinations. During an examination, Department staff will be at a licensee's company for a day or two reviewing loan files for compliance. The licensee may be asked to provide additional documents and information during that time. The time spent by a licensee preparing for the examination and the time examiners spend at the company could detract from sales or other revenue generating activity by requiring the mortgage broker or other person to help the examiner or answer questions. Licensees whose books and records are in good order and who operate in compliance with state and federal law will have a shorter examination which will cause less disruption to the business activities.

**Element 4 – A comparison of compliance costs for the small business segment and the large business segment of the affected industries, and whether the impact on small business is disproportionate.**

The total average estimated cost for a company with fifty employees or less to implement the proposed rules is \$12,993 while the total average estimated cost for a company with over fifty employees is \$33,705. The cost per employee to implement the rules for mortgage broker licensees with fewer than fifty employees averaged \$2,982 while the cost per employee for larger mortgage broker licensees averaged \$39 per employee. Although the total estimated costs for a smaller company (\$12,993) is only a third of the cost for a large company (\$33,705), the cost for the small company is disproportionate when viewed as a cost per employee.

Smaller mortgage brokers' estimates of costs associated with the rules varied widely. Some respondent's indicated they expected to retool their business operation as a result of the proposed rules. Others appear to plan minimal changes in operation as indicated by expenditures expected to be in the hundreds of dollars. Exhibit C shows this variety in expectations.

**Element 5 – Steps taken by the Department under RCW 19.85.030 (2) to reduce the costs of the proposed rule on small businesses, or reasonable justification for not doing so, addressing the specified mitigation steps.**

**Reducing, modifying, or eliminating substantive regulatory requirements**

The Department began the process of reducing the impact of the new regulatory requirements on the mortgage industry as the legislation was being drafted. While the original draft legislation had a provision that allowed the Department to examine a mortgage broker licensee over the life of the company, the Department compromised with the industry to limit the examination to the first five years of licensure of the main office and each of the branches. The original draft of the legislation gave the Department very broad authority over the scope of an examination to determine compliance with the MBPA. The Department compromised with the industry, limiting the scope of the

examination to reviewing trust accounts, loan files, and general business books and records, and to conducting interviews. The original draft of the legislation provided that the licensee would have to pay an hourly fee for its examination. The Department compromised with the industry and agreed not to charge the licensee for the examination. Instead, the Department agreed to charge loan originators a licensing fee that would fund the cost of the examination program. Additionally, the Department agreed to give licensees thirty days advance notice of an examination to give the company an opportunity to prepare for the examination. The rules also provide the licensee an opportunity to resolve examination findings prior to an enforcement action. Finally, the Department agreed that any violation finding with reference to yield spread premiums will be delayed until a second examination is performed.

### **Simplifying, reducing or eliminating record keeping and reporting requirements**

The Department originally proposed to have the mortgage industry report a substantial amount of information in their annual report. When significant opposition arose, the Department agreed to an annual report containing only the total number of residential mortgage loans made by the mortgage broker and the total dollar value of those loans.

### **Easing the burden of testing required for licensing**

The new law and proposed rules require that loan originators take and pass a test before being licensed. To help loan originator candidates (and designated broker candidates) prepare for the pre-license test, the Department proposes to publish 1,000 questions and their answers on the Department web site as a study guide. One hundred of the questions will comprise the designated broker and loan originator licensing test.

### **The Department will implement risk-based examinations and will help small businesses prepare for the examination**

The Department intends to implement a priority system for the mortgage broker examinations. Whether multiple examinations will be necessary will be driven by factors such as the Mortgage broker licensee's history of consumer complaints; responses to Department directives; previous examination findings; maintenance of appropriate bond coverage; and the status of the designated broker (having passed the licensing test and completed required continuing education). Companies with positive examination findings and few if any issues will likely not be examined more than once in the first five years of licensure. This approach will focus the Department resources on licensees needing regulatory attention. This increases consumer protection and reduces the impact of regulation on the well run mortgage broker companies.

To mitigate the impact of the new examination program on mortgage broker licensees, the Department plans to conduct outreach and education programs for the licensees. The Department will hold public meetings around the state to prepare licensees for their examinations by discussing the examination process, the records examiners will ask for during the examination, the common errors made by mortgage broker licensees, the

contents of the examination report and what action licensees must take in response to an examination report.

The Department is preparing and will publish its examination manual on the Department's web site so licensees can see what examiners will expect of them before and during the examination. The manual contains many helpful forms for compiling information that licensees can incorporate into their recordkeeping process. Mortgage brokers can also use the examination manual to guide outside certified professionals if they choose to hire a certified professional to conduct an examination of the business and then ask the Department to accept that examination in lieu of conducting its own examination.

The Department will provide licensees with advance notice of an examination and provide them with a list of documents needed for the examination. Many initial examinations will be in the form of technical assistance examinations, focused on educating the licensee about recordkeeping for compliance with state and federal law.

#### **Element 6 – How the Department will involve small business in rule development**

On March 10, 2006, the day after the MBPA was signed by the Governor, the Department notified all 1,896 mortgage broker licensees that it intended to begin the negotiated rulemaking process immediately. The notice informed the licensees that the Department would be holding a series of open public meetings in order to provide an opportunity for comment on all aspects of the new rules. The Department, and members of the Mortgage Broker Commission, a statutorily mandated and appointed advisory body, met and outlined how they would cooperatively work to draft rules in a public and interactive manner.

Between March 30 and August 9, 2006, the Department held eleven public rules drafting sessions. Meeting schedules were published on the Department's web site, in industry publications, and mailed to licensees. All licensees were invited to attend these work sessions and provide comments. In addition, the Department published biweekly drafts of the rules as they were being drafted. Comments on the draft rules were solicited on line and at the public meetings. The SBEIS questionnaire itself, during its development, was made available and reviewed during two of the public meetings.

#### **Element 7 – list businesses affected**

**Directly affected:** Mortgage Brokers, Loan Originators

**Potentially affected:** Loan Processors, Lenders, Appraisers, Escrow Agents, Real Estate agents

**Entities that may benefit via increased business associated with implementation of the rule:** Continuing Education Providers, Test Providers, Accounting and Bookkeeping firms, Appraisers, Certified Professionals



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June 26, 2006

Dear Mortgage Broker Company:

The Mortgage Broker Practices Act (MBPA), chapter 19.146 RCW, was modified in early 2006 by the Washington State Legislature. The Department of Financial Institutions (the department) has begun rule making to implement the new law.

Key changes to the MBPA go into effect January 1, 2007, and include the following:

- Loan originators must have a license to originate loans; the license expires annually
- Loan originators must complete continuing education courses annually
- Mortgage broker licenses will expire annually and must be renewed
- The department may examine mortgage brokers' books and records within the first five years of licensing, including branch office licensing
- Mortgage brokers must annually report the number of loans and the dollar volume of loans made in Washington each year

Under the Regulatory Fairness Act, chapter 19.85 RCW, the department must assess the proposed rules' impact on small businesses. In order to make this assessment, the department must understand how the new rules may affect your business. To this end, the department has prepared a survey to gather the necessary information. We would like the president, CEO or Designated Broker of your company to respond to the survey. One response per licensed mortgage company is all we will accept. You can review and fill out the survey on the department web page.

To complete the survey, use this link: <http://dfi.wa.gov/cs/mortgage.htm>.

Copies of the new MBPA and the draft proposed rules can be found on the department's web site, <http://dfi.wa.gov>, under "Mortgage Brokers."

Please complete the electronic survey by July 15, 2006. If you would like a paper copy of the survey, please contact Dawn Morris at the department, at 360-902-0519. Thank you for your assistance.

Sincerely,

Whittier Johnson  
Program Manager





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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 1. Introduction

In order to assist the department in determining the economic impact of the new Mortgage Broker Practices Act rules (MBPA rules) on licensed mortgage brokers, please complete and submit this questionnaire electronically by July 15, 2006. We will accept only one response from each licensed mortgage broker.

**\* 1. Please provide the following information:**

Company Name

Designated Broker

Email Address or Telephone Number

**\* 2. How many employees work for your mortgage broker company?**

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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 2. Loan Originator Licensing

The changes to the Mortgage Broker Practices Act include a requirement that beginning January 1, 2007, loan originators must have a license to originate loans. After that date mortgage brokers must only employ or contract with licensed loan originators. While the new law does not require mortgage brokers to pay loan officer licensing fees, some mortgage brokers may choose to do so.

**3. How many loan originators do you employ either as independent contractors or W-2 employees (include all locations)?**

**4. Do you plan to pay your loan originators' license fees (loan originator annual license fees may be set at anywhere from \$100 to \$150)?**

☐ Yes

☐ No

**5. You will need to provide the Department of Financial Institutions with a list of your loan originators when we examine your company. Please estimate your annual recordkeeping costs to keep this information.**

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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 3. Loan Originator Continuing Education

Loan originators will have to successfully complete two continuing education courses each year to maintain their license.

#### 6. Do you plan to pay for your loan originators' continuing education?

- ☐ Yes
- ☐ No

#### 7. What are your estimated annual loan originator continuing education costs? (Assume the cost of continuing education to be similar to that of your designated broker.)

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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 4. Examination Costs

Amendments to the Mortgage Broker Practices Act allow the department to examine your books and records within the first five years you are licensed to check for compliance with state and federal laws. The department will not charge you for the cost of the examination. However, you will have to pay our travel expenses if you are located out of state.

The department may request that you provide some or all of the following information to us for a pre-examination review:

- A list of your loan originators
- The total number of loans made during a specified time period
- A list of all residential loan applications taken in the past two years
- Bank statements for the past two years and/or trust account information and statements
- An income statement and balance sheet for your company
- A list of all loans refinanced for the same borrower in the last twelve months
- A list of all states in which your mortgage broker company is licensed
- All complaints filed against your company in the last two years
- A copy of your advertising (broadcast scripts, print, etc.) from the last two years
- A list of rescinded loans in the last two years
- An organization chart for your company including ownership, management, affiliates, and subsidiaries

Most on-site examinations are expected to last two days or less. Prior to the examination the department will contact you to arrange the date and time of the examination. Generally, you will not be examined more than once in five years. At the conclusion of the examination, the examiner(s) will meet with you (the designated broker or owner) to review the examination findings and provide insight into what the department will include in the examination report. After the department completes the examination report, you must respond to items noted by the examiner by explaining what has been done to correct any problems noted.

**8. Please estimate your costs for reporting, recordkeeping, and other compliance requirements associated with your examination as described above:**

Reporting \$

Recordkeeping \$

Other Compliance Related to Examination \$

Total Annual Costs \$

**9. Please estimate your costs of additional professional services you are likely to need in order to comply with the department's request for information as described above (accountants, consultants, bookkeeping, etc.).**

Annual Costs for Professional Services \$

**10. Please estimate your costs for equipment, supplies, labor, and increased administrative costs associated with an examination.**

Equipment \$

Supplies \$

Labor \$

Other Administrative Costs Related to Examination \$

Total Annual Costs \$

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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 5. Mortgage Loan Reporting

The new law requires mortgage brokers to annually report to the department the number of residential mortgage loans made in Washington, including the dollar volume of those loans.

**11. How much will it cost your business to keep records of and report to the department annually the total number and dollar value of all of the residential mortgage loans you made during the year?**

Total Cost to Provide an Annual Report of Loans \$

**12. Please estimate your costs of additional professional services, equipment, supplies, and labor you are likely to need to keep records of and report to the department annually the total number and dollar value of all the loans you made during the year (professional services are things like accounting, computer specialist, administrative support, etc.).**

Professional Services \$

Equipment \$

Supplies (computer software, etc.) \$

Labor (administrative support) \$

Total Annual Costs \$

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## Small Business Economic Impact - Mortgage Broker Questionnaire

### 6. Providing Your License Number

New rules require you to provide your license number on all materials (advertising, letterhead, business cards, etc.) when you are conducting business using your DBA name without also using the name on your license.

**13. If you intend to use only your DBA name on certain materials, please estimate your cost of including your license number on those materials.**

Estimated Cost of Including License Number \$

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## Washington State Department of **Financial Institutions**

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### **Thank You for Completing the Questionnaire!**

We appreciate the time you took to provide us with this information.

If you have any questions or concerns, please email [dmorris@dfi.wa.gov](mailto:dmorris@dfi.wa.gov).

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# EXHIBIT C

## COSTS FOR MORTGAGE BROKERS WITH 50 OR FEWER EMPLOYEES

	Cost to MB to License LO	Cost to Produce LO List	Continuing Education Costs	Exams: Rptg Records Other Total	Exams Pro Svs	Exams: Equip Supplies Labor Other Total	Cost to Provide Records for Annual Report	Costs for Annual Rpt: Professional Services, Equipment, Supplies, and Labor	Costs to use DBA Only	TOTAL	Number Of Employees	Cost Per Employee
1		\$500	\$0	\$8,500	\$5,000	\$3,750	\$1,000	\$7,750	\$0	\$26,500	25	\$ 1,060
2	\$250	\$100	\$0	\$1,400	\$2,000	\$2,050	\$1,000	\$2,850	\$50	\$9,700	2	\$ 4,850
3	\$1,750	\$300	\$0	\$4,800	\$750	\$3,200	\$300	\$75	\$3,000	\$14,175	28	\$ 506
4	\$2,750	\$100	\$2,178	\$1,300	\$500	\$2,300	\$1,300	\$800	\$0	\$11,228	50	\$ 225
5	\$0	\$1,000	\$0	\$1,500	\$500	\$2,000	\$350	\$4,000	\$2,500	\$11,850	1	\$ 11,850
6	\$0	\$150	\$0	\$500	\$200	\$150	\$500		\$500	\$2,000	3	\$ 667
7	\$0	\$0	\$0	\$0	\$0	\$0	\$10	\$0	\$0	\$10	1	\$ 10
8	\$500	\$2,000	\$2,400	\$1,550	\$1,000	\$1,400	\$300	\$700	\$0	\$9,850	17	\$ 579
9	\$0	\$0	\$0	\$7,600	\$2,500	\$2,050	\$0	\$0	\$0	\$12,150	1	\$ 12,150
10	\$0	\$100	\$9,600	\$3,500	\$2,500	\$3,500	\$250	\$250	\$3,500	\$23,200	32	\$ 725
11	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	1	\$ -
12	\$0	\$0	\$1,000	\$2,000	\$500	\$450	\$500	\$400	\$3,000	\$7,850	6	\$ 1,308
13	\$2,625	\$1,000	\$0	\$6,500	\$3,000	\$15,750	\$250	\$4,000	\$500	\$33,625	26	\$ 1,293
14	\$250	\$15,000	\$2,500	\$14,000	\$12,000	\$5,000	\$5,000	\$7,500	\$0	\$61,250	4	\$ 15,313
15	\$0	\$100	\$0	\$4,600	\$4,000	\$1,000	\$500	\$1,900	\$3,000	\$15,100	2	\$ 7,550
16	\$0	\$0	\$0	\$250	\$100		\$0		\$0	\$350	5	\$ 70
17	\$500	\$10	\$500	\$2,000	\$1,000	\$500	\$250	\$250	\$0	\$5,010	5	\$ 1,002
18	\$0	\$500	\$0	\$3,600	\$500	\$1,400	\$1,200	\$0	\$1,000	\$8,200	50	\$ 164
29	\$0	\$12,000	\$250	\$20,000	\$10,000	\$5,000	\$10,000	\$20,000	\$5,000	\$82,250	15	\$ 5,483
20	\$0	\$100	\$3,000	\$5,000	\$2,000	\$500	\$200	\$1,000	\$2,000	\$13,800	26	\$ 531
21	\$375	\$200	\$600	\$1,500	\$500	\$200	\$200	\$200	\$0	\$3,775	4	\$ 944
22	\$0	\$200	\$0	\$0	\$2,000	\$800	\$100	\$100	\$1,000	\$4,200	14	\$ 300
23	\$0	\$0	\$0	\$225	\$300	\$150	\$50			\$725	2	\$ 363
24	\$0	\$150	\$0	\$1,000	\$400	\$500	\$100	\$300		\$2,450	1	\$ 2,450
5	\$0	\$0	\$165	\$5	\$450	\$1	\$1	\$102	\$0	\$724	1	\$ 724
26	\$0	\$50	\$0	\$1,850		\$2,120	\$150	\$550	\$500	\$5,220	2	\$ 2,610

# EXHIBIT C

## COSTS FOR MORTGAGE BROKERS WITH 50 OR FEWER EMPLOYEES

27	\$0	\$1,000	\$0	\$3,000	\$5,000	\$10,000	\$3,000	\$47,000	\$1,500	\$70,500	7	\$ 10,071
28	\$250	\$500	\$0	\$1,500	\$700	\$1,100	\$200	\$450	\$0	\$4,700	2	\$ 2,350
29	\$0	\$0	\$0	\$0	\$0	\$0	\$25	\$25	\$0	\$50	1	\$ 50
30	\$0	\$300	\$0	\$1,300	\$500	\$850	\$1,200	\$1,200		\$5,350	5	\$ 1,070
31	\$750	\$1,000	\$0	\$15,000	\$5,000	\$2,500	\$500	\$3,500	\$5,000	\$33,250	8	\$ 4,156
32	\$0	\$100	\$0	\$8,500	\$2,500	\$9,000	\$20,000		\$10	\$40,110	2	\$ 20,055
33	\$0	\$200	\$0	\$800	\$1,000	\$550	\$100	\$900		\$3,550	1	\$ 3,550
34	\$0	\$500	\$0	\$2,500	\$1,500	\$1,600	\$100	\$1,650	\$1,500	\$9,350	1	\$ 9,350
35	\$0	\$50	\$0	\$2,200	\$1,500	\$700	\$50	\$200	\$150	\$4,850	1	\$ 4,850
36	\$0	\$1,000	\$0	\$3,000	\$2,000	\$2,020	\$1,000	\$2,000	\$0	\$11,020	15	\$ 735
37	\$250	\$0	\$0	\$3,000	\$3,500	\$1,500	\$1,200		\$5,000	\$14,450	2	\$ 7,225
38	\$375	\$0	\$600	\$1,000	\$1,000	\$500	\$25	\$500	\$100	\$4,100	6	\$ 683
39	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	2	\$ -
40	\$1,375	\$250	\$750	\$6,740	\$1,000	\$1,200	\$0	\$1,300	\$0	\$12,615	12	\$ 1,051
41	\$0	\$0	\$0	\$1,000	\$1,500	\$125	\$0	\$0	\$100	\$2,725	1	\$ 2,725
42	\$250	\$1,500	\$250	\$1,950	\$3,000	\$1,250	\$1,200	\$1,700	\$100	\$11,200	3	\$ 3,733
43	\$0	\$50	\$0	\$300	\$1,500	\$2,000	\$0	\$3,000	\$0	\$6,850	1	\$ 6,850
44	\$0	\$20	\$125	\$300	\$0	\$300		\$150	\$100	\$995	1	\$ 995
45	\$1,875	\$6,000	\$4,500	\$7,500	\$1,500	\$3,000	\$500		\$500	\$25,375	15	\$ 1,692
46	\$0	\$50	\$750	\$1,000	\$0	\$500	\$100	\$500	\$100	\$3,000	3	\$ 1,000
47	\$125	\$60	\$150	\$180	\$120	\$190	\$300	\$360		\$1,485	2	\$ 743
48	\$0	\$4,500	\$1,500	\$14,500	\$2,500	\$4,000	\$400	\$900	\$2,500	\$30,800	2	\$ 15,400
49	\$250		\$1,000				\$100			\$1,350	5	\$ 270
50	\$125	\$0	\$0							\$125	1	\$ 125
51	\$125	\$50	\$300	\$800	\$200	\$1,400	\$50	\$300	\$500	\$3,725	3	\$ 1,242
52	\$500	\$50	\$0	\$4,800	\$2,000	\$2,500	\$500	\$500	\$1,500	\$12,350	9	\$ 1,372
53	\$1,250	\$500	\$650	\$4,550	\$3,000	\$2,150	\$1,000			\$13,100	13	\$ 1,008
54	\$3,500		\$250				\$1,000	\$4,000	\$0	\$8,750	45	\$ 194
55	\$250	\$500	\$250	\$1,700	\$1,000	\$1,100	\$1,000	\$1,100	\$2,000	\$8,900	5	\$ 1,780
56	\$125	\$100	\$250	\$550	\$1,000	\$400	\$500	\$400	\$1,500	\$4,825	2	\$ 2,413
57	\$250	\$0	\$250	\$5,000	\$0	\$0	\$500	\$600	\$0	\$6,600	12	\$ 550
58	\$1,250		\$0	\$750	\$750	\$2,250	\$150	\$2,250	\$500	\$7,900	2	\$ 3,950
59	\$1,875	\$100	\$0	\$1,250	\$1,000	\$1,100		\$1,600	\$50	\$6,975	15	\$ 465
60	\$0	\$25	\$0	\$500	\$0	\$500	\$25	\$0	\$25	\$1,075	1	\$ 1,075
61	\$0	\$5	\$0	\$600	\$0	\$1,350	\$300	\$610	\$350	\$3,215	4	\$ 804

# EXHIBIT C

## COSTS FOR MORTGAGE BROKERS WITH 50 OR FEWER EMPLOYEES

62	\$375	\$100	\$825	\$300	\$250	\$300	\$100	\$200	\$600	\$3,050	3	\$ 1,017
63	\$500	\$200	\$600	\$1,500	\$500	\$600	\$100	\$500	\$5,000	\$9,500	7	\$ 1,357
64	\$0	\$500	\$0	\$300	\$1,000	\$625	\$100	\$400		\$2,925	3	\$ 975
65	\$0	\$500	\$0	\$25,000	\$0	\$1,010	\$200	\$500	\$1,500	\$28,710	34	\$ 844
66	\$1,625	\$100	\$2,000	\$4,000	\$2,500	\$4,000	\$100	\$2,500		\$16,825	16	\$ 1,052
67	\$0		\$0	\$15,000	\$10,000	\$4,500	\$1,000	\$1,000	\$0	\$31,500	7	\$ 4,500
68	\$0	\$200	\$0	\$7,800	\$1,600	\$1,600	\$1,600			\$12,800	6	\$ 2,133
69	\$125	\$0	\$150	\$0	\$0	\$0	\$0	\$0	\$300	\$575	1	\$ 575
70	\$250	\$1,200	\$0	\$3,000	\$5,000	\$35,000	\$350	\$19,350		\$64,150	3	\$ 21,383
71	\$0	\$3,000	\$0	\$6,000		\$1,100	\$500	\$850	\$10,000	\$21,450	6	\$ 3,575
72	\$0	\$0	\$0	\$350	\$2,000	\$500	\$100	\$850	\$250	\$4,050	1	\$ 4,050
73	\$0	\$0	\$0	\$0	\$0	\$30	\$0	\$0	\$85	\$115	1	\$ 115
74	\$0	\$300	\$0	\$600	\$1,200	\$700	\$500	\$1,000	\$1,000	\$5,300	2	\$ 2,650
75	\$0	\$1,000	\$1,200	\$20,000	\$10,000	\$13,000	\$1,000	\$9,000	\$15,000	\$70,200	7	\$ 10,029
76	\$0	\$100	\$0	\$4,500	\$2,000	\$2,300	\$2,000	\$2,000	\$2,000	\$14,900	14	\$ 1,064
77	\$0	\$0	\$0	\$10,000	\$5,000	\$400	\$10,000	\$15,000	\$0	\$40,400	4	\$ 10,100
78	\$0	\$1	\$0	\$650	\$0	600,00	\$100	\$0	\$0	\$751	6	\$ 125
79	\$0	\$0	\$0	\$950	\$750	\$500	\$500	\$500	\$1,500	\$4,700	1	\$ 4,700
81	\$375	\$0	\$1,200		\$0	\$250	\$20	\$0	\$50	\$1,895	3	\$ 632
82	\$250	\$1,000	\$0	\$7,500	\$2,500	\$2,200	\$500	\$1,000	\$5,000	\$19,950	2	\$ 9,975
83	\$250		\$400	\$8,000	\$4,800	\$3,400	\$14,000	\$1,350	\$0	\$32,200	3	\$ 10,733
84	\$250	\$1,000	\$1,500	\$9,000	\$1,000	\$1,700	\$1,500	\$6,700		\$22,650	4	\$ 5,663
85	\$0	\$500	\$0	\$1,000	\$200	\$300	\$1,000	\$500	\$1,000	\$4,500	10	\$ 450
86	\$0	\$500	\$0	\$3,100	\$1,500	\$1,400	\$100	\$3,100	\$15,000	\$24,700	21	\$ 1,176
87	\$0	\$100	\$0	\$2,000	\$1,000	\$1,200	\$100	\$900	\$0	\$5,300	8	\$ 663
88	\$0	\$0	\$0	\$500	\$0	\$500	\$50	\$0		\$1,050	5	\$ 210
89	\$0	\$1,500	\$0	\$21,500	\$2,500	\$2,750	\$1,500	\$9,000	\$1,500	\$40,250	3	\$ 13,417
90	\$0	\$0	\$0	\$200	\$500	\$0	\$0	\$0	\$0	\$700	5	\$ 140
91	\$1,500	\$30	\$9,600	\$1,600	\$350	\$1,280	\$500	\$500		\$15,360	12	\$ 1,280
92	\$0	\$100	\$0	\$1,500	\$1,000	\$600	\$500	\$1,100	\$0	\$4,800	15	\$ 320
93	\$0	\$2,700	\$0	\$5,700	\$5,000	\$5,800	\$500	\$2,800	\$500	\$23,000	1	\$ 23,000
94	\$0	\$50	\$0	\$6,000	\$1,000	\$1,100	\$500	\$2,000		\$10,650	14	\$ 761
95	\$0	\$0	\$0	\$300	\$350	\$1,300	\$500	\$1,700	\$1,000	\$5,150	1	\$ 5,150
96	\$0	\$0	\$0	\$2,000	\$0	\$1,900	\$0	\$0	\$0	\$3,900	8	\$ 488
97	\$0	\$0	\$300	\$4,000	\$1,200	\$2,150	\$350	\$1,125	\$1,250	\$10,375	1	\$ 10,375

# EXHIBIT C

## COSTS FOR MORTGAGE BROKERS WITH 50 OR FEWER EMPLOYEES

98	\$0	\$5,000	\$0	\$10,000	\$15,000	\$5,500	\$5,000	\$15,000	\$2,500	\$58,000	12	\$ 4,833
99	\$625	\$1,500	\$750	\$2,350	\$500	\$1,600	\$100	\$1,650	\$0	\$9,075	8	\$ 1,134
100	\$250	\$50	\$500	\$3,300	\$500	\$3,750	\$750	\$3,650	\$200	\$12,950	3	\$ 4,317
101	\$0	\$25	\$0	\$350	\$100	\$475	\$25	\$25	\$200	\$1,200	2	\$ 600
102	\$0	\$100	\$0	\$3,000	\$2,500	\$1,700	\$1,000	\$3,500		\$11,800	10	\$ 1,180
103	\$0	\$5	\$0	\$600	\$0	\$200	\$45		\$300	\$1,150	4	\$ 288
104	\$0	\$0	\$0	\$500	\$0	\$0	\$0	\$0	\$0	\$500	2	\$ 250
105	\$0	\$0	\$0	\$50	\$0	\$0	\$0	\$0	\$0	\$50	1	\$ 50
106	\$2,000	\$500	\$0	\$2,500	\$0	\$2,000	\$0	\$0	\$5,000	\$12,000	35	\$ 343
107	\$0	\$25	\$0	\$9,200	\$100	\$225	\$100		\$0	\$9,650	12	\$ 804
108	\$0	\$140	\$0	\$4,880	\$1,400	\$1,400	\$1,680	\$1,680	\$0	\$11,180	5	\$ 2,236
109	\$0	\$0	\$0		\$3,600		\$2,000	\$20,500		\$26,100	18	\$ 1,450
110	\$0	\$300	\$0	\$5,000	\$2,500	\$3,600	\$500	\$500	\$500	\$12,900	15	\$ 860
111	\$0	\$600	\$0	\$1,200	\$2,000	\$2,500	\$1,200	\$2,600	\$600	\$10,700	8	\$ 1,338
112	\$625	\$0	\$375	\$3,470	\$300	\$6,670	\$4,160	\$1,310	\$0	\$16,910	7	\$ 2,416
113	\$0	\$0	\$0	\$1,500	\$1,200					\$2,700	1	\$ 2,700
114	\$1,500	\$1,500	\$0	\$3,000	\$2,500	\$1,200	\$500	\$2,700	\$5,000	\$17,900	5	\$ 3,580
115	\$875	\$100	\$500	\$500	\$500	\$700	\$250	\$500		\$3,925	9	\$ 436
116	\$375	\$0	\$800	\$4,850	\$3,600	\$250	\$400	\$400		\$10,675	5	\$ 2,135
117	\$0	\$0	\$0	\$0	\$0		\$0	\$0	\$0	\$0	3	\$ -
118	\$0	\$30	\$2,400	\$300	\$500	\$300	\$60	\$60		\$3,650	18	\$ 203
119	\$375	\$250	\$500	\$7,500	\$2,500	\$6,850	\$1,200	\$2,500		\$21,675	3	\$ 7,225
120	\$0	\$0	\$0	\$250	\$0	\$0	\$100	\$100	\$0	\$450	4	\$ 113
121	\$135	\$10	\$165	\$1,650	\$1,650	\$3,400	\$500	\$1,300	\$10,000	\$18,810	1	\$ 18,810
122	\$2,750	\$100	\$100	\$300	\$500	\$1,200	\$100	\$800	\$100	\$5,950	37	\$ 161
123	\$125									\$125	1	\$ 125
124	\$375	\$500	\$125	\$1,000	\$3,500	\$250	\$3,600	\$1,500		\$10,850	3	\$ 3,617
125	\$0	\$0	\$0	\$300	\$0	\$0	\$100	\$100	\$100	\$600	1	\$ 600
126	\$0	\$100	\$1,000	\$3,000	\$3,000	\$2,100	\$1,200	\$3,400	\$0	\$13,800	10	\$ 1,380
127	\$0	\$50	\$0	\$700	\$400	\$750	\$50	\$350	\$700	\$3,000	9	\$ 333
128	\$750	\$900	\$750	\$1,500	\$500	\$660	\$2,500	\$1,900	\$1,200	\$10,660	3	\$ 3,553
129	\$0	\$100	\$0	\$1,300	\$1,500	\$1,400	\$900	\$3,100	\$0	\$8,300	4	\$ 2,075
130	\$125	\$50	\$0	\$850	\$400	\$400	\$250	\$500	\$200	\$2,775	1	\$ 2,775
131	\$125	\$1,000	\$500	\$1,200	\$1,200	\$2,400	\$1,000	\$2,400		\$9,825	1	\$ 9,825
137	\$0	\$10,000	\$0	\$137,000	\$15,000	\$161,000				\$323,000	19	\$ 17,000

# EXHIBIT C

## COSTS FOR MORTGAGE BROKERS WITH 50 OR FEWER EMPLOYEES

138	\$125	\$1,000	\$500	\$2,500	\$1,500	\$1,700	\$500	\$1,200		\$9,025	4	\$ 2,256
148	\$0	\$100	\$1,500	\$1,500	\$1,000	\$1,500				\$5,600	13	\$ 431
149	\$2,375		\$0							\$2,375	26	\$ 91
153	\$0	\$600	\$0	\$1,200		\$1,200				\$3,000	1	\$ 3,000
154	\$0	\$1,500	\$0	\$4,650	\$1,450	\$1,900	\$2,500			\$12,000	6	\$ 2,000
155	\$625	\$500	\$1,500	\$3,000	\$2,500	\$5,500				\$13,625	4	\$ 3,406
158	\$0	\$150	\$0	\$1,000	\$1,000	\$650	\$150	\$550		\$3,500	2	\$ 1,750
160	\$0	\$1,000	\$0	\$7,000	\$1,000	\$3,600				\$12,600	4	\$ 3,150
161	\$0	\$250	\$0							\$250	15	\$ 17
162	\$500	\$100	\$500	\$500	\$1,200	\$1,700	\$50			\$4,550	2	\$ 2,275
163	\$125	\$200	\$600							\$925	2	\$ 463
164	\$625		\$750							\$1,375	8	\$ 172
166	\$750	\$150	\$3,500							\$4,400	7	\$ 629
167	\$0	\$1,000	\$0							\$1,000	1	\$ 1,000
168	\$250	\$100	\$300							\$650	6	\$ 108
172	\$125	\$5,000	\$1,000							\$6,125	1	\$ 6,125
173	\$0	\$0	\$0	\$500	\$500	\$0	\$1,000		\$1,000	\$3,000	2	\$ 1,500
174	\$0	\$500	\$0							\$500	23	\$ 22
175	\$0	\$500	\$0							\$500	15	\$ 33
176	\$750	\$100	\$0							\$850	10	\$ 85
177	\$250	\$0	\$400							\$650	3	\$ 217
178	\$875	\$2,000	\$2,000							\$4,875	7	\$ 696
179	\$500	\$100	\$250							\$850	6	\$ 142
180	\$0	\$5,100	\$0							\$5,100	2	\$ 2,550
181	\$625	\$5,000								\$5,625	6	\$ 938
182	\$0	\$1,000	\$2,000	\$3,000	\$1,000	\$1,050				\$8,050	12	\$ 671
183	\$875	\$100	\$0							\$975	10	\$ 98
184	\$0	\$0	\$0	\$100	\$100	\$1,000	\$500	\$0		\$1,700	1	\$ 1,700
185	\$0	\$100	\$500	\$300	\$500	\$500	\$600	\$900	\$250	\$3,650	2	\$ 1,825
	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>		<b>Average</b>
	\$312	\$763	\$480	\$4,388	\$1,698	\$2,046	\$12,614	\$2,465	\$1,324	\$12,993		\$ 2,982

# EXHIBIT D

## COSTS FOR MORTGAGE BROKERS WITH MORE THAN 50 EMPLOYEES

Cost to MB to License Los	Cost to Produce LO List	Contining Education Costs	Exam: Equip Supplies Labor Costs	Exam Prof Services	Cost to Provide Records for Annual Report	Costs for Annual Rpt: Professional Services, Equipment, Supplies, and Labor	Costs to use DBA only	Total Costs	# of Employ.	Cost/ Employ.
\$0	\$3,000	\$0	\$2,500	\$0	\$500	\$10,300		\$16,300	60	\$40
\$0	\$10,000	\$0	\$1,500	\$5,000	\$1,000	\$0	\$10,000	\$27,500	857	\$76
\$1,250	\$100	\$2,500	\$4,000	\$2,500	\$7,000	\$12,500	\$0	\$29,850	100	\$50
\$0	\$100	\$0	\$8,000	\$1,000	\$2,000	\$8,000		\$19,100	100	\$0
\$0	\$350	\$0	\$650	\$500	\$50	\$1,000	\$25	\$2,575	96	\$79
\$0	\$2,000	\$0	\$3,200	\$1,500	\$1,500	\$800	\$0	\$9,000	125	\$0
\$0	\$1,200	\$0	\$500	\$500	\$0	\$100	\$5,000	\$7,300	97	\$25
\$0	\$50	\$0	\$880	\$2,000	\$150	\$1,100	\$0	\$4,180	60	\$40
\$625	\$300	\$3,000	\$11,025	\$7,000	\$1,500		\$0	\$23,450	135	\$95
\$0	\$100	\$0	\$1,610	\$1,000	\$120	\$120	\$50	\$3,000	120	\$0
\$0	\$300	\$0	\$1,250	\$250	\$0	\$0	\$0	\$1,800	89	\$20
\$0	\$600	\$0	\$500	\$800	\$50	\$355		\$2,305	80	\$65
\$500	\$3,000	\$6,000	\$20,000	\$250,000	\$3,000	\$46,000	\$500	\$329,000	150	\$50
\$7,750	\$2,000	\$0	\$0	\$0	\$1,000	\$0		\$10,750	102	\$40
\$17,500	\$1,000	\$10,000						\$28,500	150	\$0
\$0	\$50	\$0						\$50	56	\$50
\$0		\$0						\$0	170	\$0
\$4,250	\$200							\$4,450	89	\$0
\$0		\$0						\$0	280	\$0
\$3,125								\$3,125	184	\$181
\$0	\$250	\$0						\$250	105	\$40
\$3,125	\$35,000	\$10,000	\$37,000	\$35,000	\$30,000	\$77,000	\$5,000	\$232,125	57	\$21
\$12,500	\$1,000	\$1,200	\$1,600	\$800	\$100	\$1,900	\$1,500	\$20,600	115	\$15
Total	Total	Total	Total		Total	Total	Total	Total		
\$50,625	\$47,600	\$32,700	\$90,215	\$302,850	\$46,470	\$148,875		\$719,335		
<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>	<b>Average</b>		<b>Average</b>
\$2,411	\$3,189	\$5,450	\$6,448	\$20,523	\$3,426	\$14,264	\$3,154	\$33,705		\$39